MAJESTIC WILEY
1980 ANNUAL REPORT

CONTENTS.

Cover: *A critical moment in the laying of a big inch pipeline. A section of 42" pipe has been wrapped and concrete coated and is being lowered into its prepared trench in Northern Canada.*

Right: *Drilling rock, prior to blasting, for a pipeline trench in New Mexico. This Twin Drill unit is shown at work on a contract for MAPCO which was completed during the year.*

FINANCIAL HIGHLIGHTS.

	1980	1979
Total revenues	**$51,646,000**	$29,563,000
Net loss	**331,000**	440,000
Loss per share	**4.0¢**	5.3¢
Shareholders' equity	**19,921,000**	20,106,000
Working capital	**12,439,000**	14,192,000

TO OUR SHAREHOLDERS.

1980 was a difficult year for our Company. The volume of work available to us was substantially less than anticipated. Indeed, we were slack until early fall when we were successful in finding sufficient work to occupy our construction forces in Canada and the United States but contingency and profit margins were tight.

Our United States crews installed 400 miles of 10" and 12" pipe under ideal weather conditions in New Mexico. The Canadian work was in the Alberta/British Columbia border area and was plagued by unseasonable rainfall.

Subsequent to December 31, 1980, the company received an arbitration award in its favour in an amount of $4,820,000 plus interest relating to a contract performed in 1978. The appropriate entries resulting from this award are included in the 1980 results. The financial results for the year were as follows:

	1980 (000's)	1979 (000's)
Gross Revenue	$51,646	$29,563
Operating Loss	331	440
Working Capital	12,439	14,192

Canadian operations suffered major financial losses in part due to circumstances beyond our control. The only work available to us was in the Eastern Rocky Mountain area where we were subjected to heavy rainfall after the contracts were awarded. To further complicate problems during the construction period we experienced industry wide industrial unrest. Furthermore, we faced major technological changes. We received a contract from NOVA, An Alberta Corporation, for the installation of 100 miles of 42" natural gas pipeline requiring utilization of new automatic welding procedures. While anticipated production rates were not achieved, the Company firmly established its skills in automatic welding procedures for large diameter pipelines and that it could consistently achieve superior quality welds. It would appéar that this technology will be required for future large diameter natural gas pipelines in Western Canada.

Our 1980 work has been completed and we are currently tendering on several major projects. It would appear that 1981 will be a busy year for the industry throughout the world and we expect to tender selectively on that work.

Three major contracts have already been received. We have been awarded a contract by the Northern Border Pipeline Co., to construct a 91 mile segment of their 42" diameter Eastern U.S. Alaska Gas Prebuild pipeline system. This work which is located in South Dakota is scheduled to start-up in May 1981. The U.S. Division has also been awarded two contracts by Mid-America Pipeline Company to construct a total of 288 miles of 14" liquid petroleum gas pipeline in Texas. Completion is scheduled for midyear. The Company is optimistic that additional work will develop as the year progresses primarily in Canada and abroad.

This past year was a difficult one for Canadian pipeline contractors. Problems resulted from insufficient work to occupy the construction forces available and resulted in lower profit margins. It is obvious that the rewards were not commensurate with the risks. We now enter 1981 with a thorough understanding of the technological problems that we face in automatic welding and are optimistic that we can compete successfully.

March 16, 1981

A J Cressey

A.J. Cressey
President and Chief Executive Officer

JM Bankes

J.M. Bankes
Chairman of the Board

On February 16, 1981 Victor N. Osadchuk, Vice Chairman and a Director of our Company, died in Edmonton. Victor spent the greater part of his working life in the pipeline industry. He was president of Wiley Oilfield Hauling Ltd., which merged with Majestic Pipeline Contractors (Alberta) Ltd. in 1974 to become Majestic Wiley Contractors Limited. He was President and Chief Executive Officer of the company until April 1980 when he resigned for health reasons. He was past President of the Pipeline Contractors Association of Canada. He made a notable contribution to this Company and he will be missed by the construction and trucking industries and by the Directors of this Company.

AN INTRODUCTION TO MAJESTIC WILEY CONTRACTORS

THE BACKGROUND:

Your Company is one of North America's leading pipeline contractors. During its 27 year history, it has successfully constructed pipelines of virtually all sizes and types through terrain as hospitable as prairie farmland, as difficult as the rugged Arctic mountains, and as complex as that in the Far East.

It has grown to be one of the larger specialists in pipeline construction in North America.

The Company has special skills for the laying of pipelines of all sizes and has particularly strong resources for big inch pipe from 20" to 48" diameter and larger and owns extensive inventories of pipeline construction equipment. Replacement, at today's prices, would require more than $40 million and includes more than 500 units of heavy construction equipment and more than 700 heavy trucks, service units, trailers, mobile offices and housing units.

The Company, or its predecessor entities, has played a significant role in all of the major pipeline systems in Canada, several in the United States and has developed valuable expertise in Arctic construction in both Canada and Alaska.

1980 OPERATIONS

During the year, the Company was active on the following projects:

Canada

- completion of a contract begun in 1979 to construct 84 miles (135 km) of 24", 16" and 12" gas lines near Fort Nelson, British Columbia;
- construction of 30 miles (48 km) of 36", 30" and 12" gas lines looping an existing line near Quesnel, British Columbia;
- construction and upgrading of 17 miles (27 km) of 36", 30" and 12" gas lines near Fort St. John, British Columbia;
- began construction, for completion in early 1981, of 100 miles (161 km) of 42" mainline loop of a gas line between Rocky Mountain House and Edson, Alberta.

Operating results, segmented for Canada alone, show revenues in 1980 were $33.1 million compared to $12.5 million in 1979. Operating loss on Canadian contracts was $4.2 million last year compared to $1.5 million in the previous year. Assets employed in Canada were $22.8 million in 1980 compared to $20.9 million in 1979.

United States

- construction of 10 miles (16 km) of 24" pipeline to carry taconite tailings at Silver Bay, Minnesota;
- construction of 240 miles (386 km) of 12" and 10" LPG pipeline from Hobbs to Moriarity, New Mexico;
- construction of 160 miles (257 km) of 12" and 10" LPG pipeline from Farmington to Moriarity, New Mexico.

The Company's oilfield pipe transportation subsidiary, J.L. Cox and Son, Inc., recorded a highly satisfactory year. Cox is a specialist in the field of loading, unloading, stockpiling, hauling and stringing oilfield pipe. During the year, it handled more than 1,000 miles of pipe, ranging in size from 36" to 10". Area covered included Kansas, Utah, New Mexico, Texas and Illinois.

Operating results, segmented for the U.S. alone, show revenues in 1980 were $18.5 million compared to $17 million in 1979. Operaing profit on U.S. contracts was $2.9 million last year compared to $160,000 in the previous year. Assets employed in the U.S. were $10.9 million in 1980 compared to $8.6 million in 1979.

AUTOMATIC WELDING

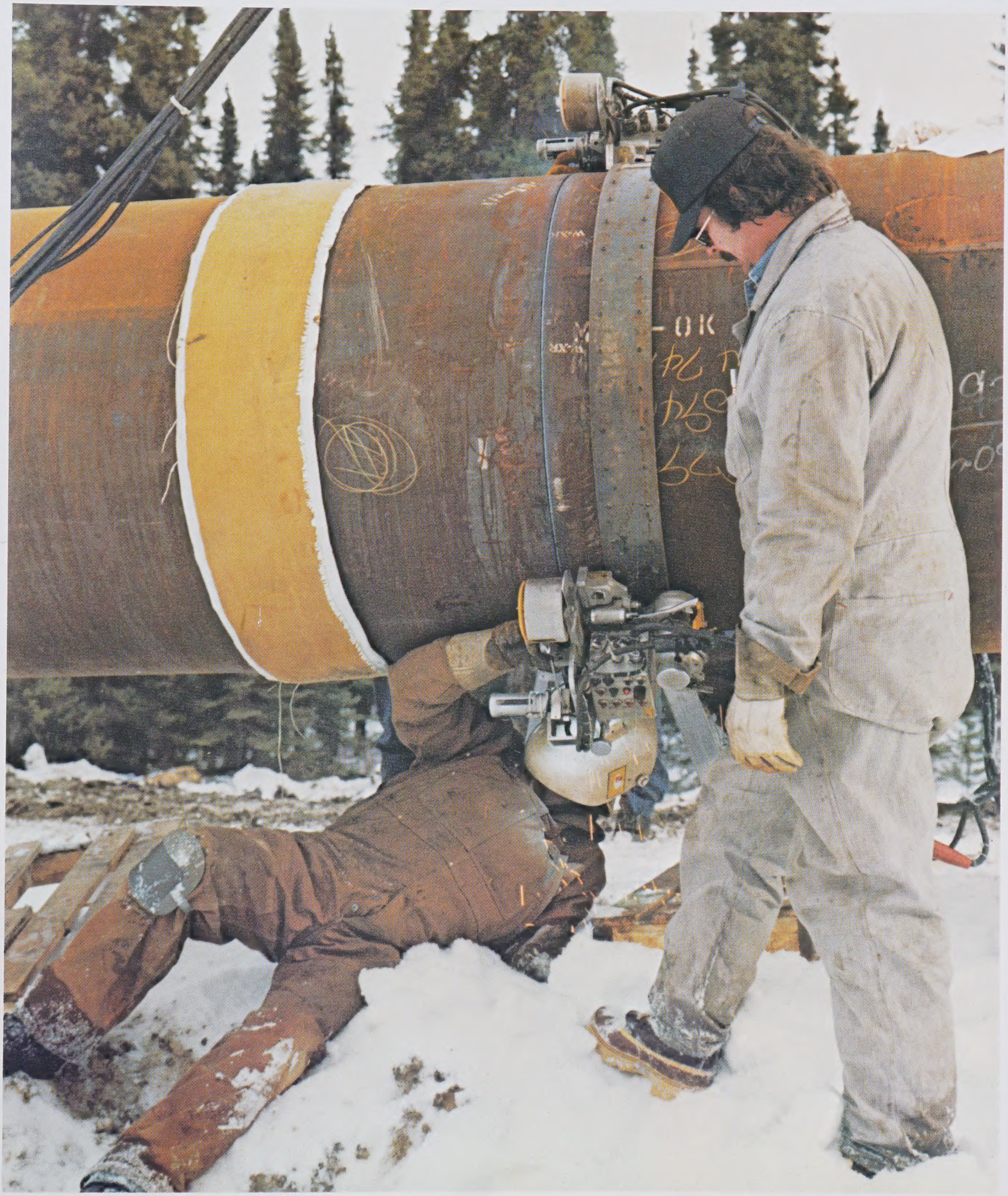
During the year just passed, your Company began to use automatic welding technology in Canada on a project for which its special characteristics were particularly valuable.

This technique is capable of providing consistently high quality welds. The experience to date has established that the automatic welding process for the construction of large diameter high tensile steel pipelines has strong future demand.

Before introducing the system to our Canadian operations, welders experienced in orthodox stick electrode work were given an intensive 10 day qualification and familiarization program at the Company's main yard in South Edmonton.

***Above:** Its on-the-job nickname is Super Sneaky. It is an ingenious internal crawler, designed and built by the Company. It travels through the pipe to permit inspection of internal welds and identification of minor repair requirements prior to and after X-ray inspection.*

***Right:** A pipe welding crew in New Mexico joining pipe lengths for a 12" line that will carry LPG.*



Left: Several different automatic welding procedures take place on 42" pipe simultaneously. In the hut, foreground, the internal weld is completed and the first, hot pass, weld is made on the outside. In the middle hut, the first and second fill welds are made to outside of pipe. In the third hut, cap and final welds are made to pipe exterior.

Above: This photo has been taken outside of the heated welding hut to show welding bugs in position to produce the fill and cap welds.

Welders, inspectors and other technicians were given comprehensive training which was monitored by senior field personnel from NOVA, An Alberta Corporation, the owner of the line on which the technique was used.

One innovative feature of the automatic welding project was the use of an internal inspection device nicknamed "Super Sneaky". The unit was designed and built by Majestic Wiley to carry a welder into the pipeline interior to check the internal welds before x-ray inspection so that minor corrections or quality improvements could be made quickly and economically.

ADMINISTRATIVE REVIEW

During periods of slack pipeline construction, your Company follows a policy of keeping its key technical and field personnel intact. As a result, during slack periods, salaries and standby fees for superintendents, field office managers, foremen, etc., become an added burden to overhead expense. In the same manner, major equipment is maintained in inventory.

The benefits, of course, are that the Company's people and machinery resources can be mobilized quickly and efficiently when demand warrants.

Another area of increased expense, which reflects the slack demand experienced in the early part of the year, was a sharp rise in costs associated with bidding, particularly on overseas projects.

Among the extraordinary expenses incurred during the year was an amount in excess of $650,000 for arbitration procedures related to a 1978 contract.

The Company had decreased income, compared with 1979, in two other areas. Gains on disposal of surplus equipment were $278,000 lower than during the previous year and interest income on short term investments was lower by $246,000.

Notwithstanding the adverse financial results recorded in both 1979 and 1980, the Company remains appropriately financed to exploit the increase in pipeline construction expected to develop within the forthcoming year.

Clean and tape machine, center left, is readying a finished section of a new LPG pipeline for placement in trench in the New Mexico desert. New pipeline will be placed below existing "hot line", lower right

Map identifies major pipeline projects anticipated within North America during the next decade.

1981 is expected to become the first year in an anticipated decade-long boom in pipeline construction in North America.

Some 40,000 miles, or more, of pipelines are under construction, awaiting start, or are in the planning stages. Of these, more than 8,000 miles are under construction, proposed, planned or under study in Canada.

Of the total North American pipeline construction potential for the next decade, more than half involves natural gas.

Capital costs could exceed U.S. $40 billion if all proposed lines are completed.

Among the major projects are two lines, the Alaska Highway Gas Pipeline and the Polar Gas Project, both of which require construction under difficult Arctic conditions. This is an area in which Majestic Wiley Contractors Limited has considerable experience. The Trans Quebec & Maritime Pipeline is another important project to which your Company should be able to contribute meaningfully in light of its' experience in the building of a portion of every major pipeline system constructed in Canada.

Right: Set of Twin Drills preparing a pipeline trench for excavation in New Mexico.

Above: *These close-ups show an automatic welding apparatus with internal welding heads and line-up clamps being inserted into the pipe. The control rod will extend to the open end of the pipe when the welding head is in place.*

Left: *Typical "good weather" conditions for winter construction. This is a section of a 42" natural gas pipeline being built near Rocky Mountain House, Alberta. The pipe is supported on skids to facilitate automatic welding. The hut in the foreground contains the internal welding head and line-up clamps as well as the external welding bug (see page 9). The second hut, in background, is being moved to a new position*

SUMMARY OF ACCOUNTING POLICIES. December 31, 1980 and 1979

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are expressed in Canadian dollars and include the accounts of the Company and its subsidiaries, all of which are wholly owned, and its pro rata share, utilizing the proportionate consolidation method, of the assets, liabilities, revenues and expenses of joint ventures. All significant intercompany transactions and balances have been eliminated in consolidation.

TRANSLATION OF FOREIGN CURRENCIES

The accounts of the Company, its foreign subsidiary and joint ventures stated in foreign currencies, have been translated into Canadian dollars as follows:

a) as to current assets (except for prepaid expenses) and current liabilities (except for deferred income) at the exchange rate at year-end;

b) as to prepaid expenses, deferred income, property and equipment, including accumulated depreciation, and deferred income taxes, at the approximate rate of exchange at the time the transaction occurred; and

c) as to revenues and expenses, at the average rate of exchange for the year, except for items relating to balance sheet accounts that are translated at historical exchange rates.

All translation gains and losses are included in the consolidated statements of income (loss) in accordance with generally accepted accounting principles applicable in Canada (1980 - gain of $428,000; 1979 - loss of $33,000).

ACCOUNTING FOR CONSTRUCTION CONTRACTS

Profits from construction contracts are recognized for accounting purposes on the percentage of completion method. The percentage of completion is determined by relating the actual cost of work performed to date, to the current estimated total cost of the respective contracts. When the current estimated costs to complete indicate a loss, such a loss is recognized immediately for accounting purposes. Revisions in costs and earnings or loss estimates during the course of the work are reflected during the accounting period in which the facts which cause the revision become known. Income from claims is recognized when realization can be reasonably estimated.

Unbilled work represents the excess of contract costs and profits or losses recognized to date, on the percentage of completion accounting method, over billings to date. Deferred contract revenue represents the excess of billings to date, over the amount of contract costs and profit or loss recognized to date, on the percentage of completion accounting method.

PROPERTY AND EQUIPMENT

All property and equipment is recorded in the accounts at cost. The cost and the accumulated depreciation of property and equipment which is retired or sold, is removed from the accounts, and the gain or loss is recorded in income.

Depreciation is provided primarily on the declining balance method utilizing the following estimated lives:

Buildings	10 to 25 years
Construction equipment	3 to 10 years
Other	10 years

INCOME TAXES

The provision for income taxes recognizes the tax effects of all income and expense transactions included in each year's financial statements regardless of the year the transactions are reported for tax purposes. In calculating the U.S. taxes payable, investment tax credits are applied to reduce income taxes payable when the qualifying assets are placed into service and are applied to increase income taxes payable when the qualifying assets are sold.

Deferred income taxes arising from items in current assets or current liabilities are classified as a current liability.

The deferred income taxes arise primarily from the difference between the depreciation claimed for tax purposes and the depreciation recorded in the accounts.

LOSSES PER SHARE

Computations of losses per share are based on the weighted average number of shares outstanding during the respective years in accordance with generally accepted accounting principles applicable in Canada (1980 - 8,307,196 shares; 1979 - 8,281,401 shares). The additional number of shares issuable upon the potential exercise of employees' stock options has not been included since the effect would not be material.

RETIREMENT AND INCENTIVE COMPENSATION PLANS

The Company has a non-contributory pension plan which covers its executive, professional, administrative and clerical employees, subject to certain specified service requirements. Under the pension plan, contributions are made for the normal service cost, plus an amount to fund the past service liability over the next 12 years. An actuarial valuation is prepared every three years.

The Company has an incentive compensation plan for certain key employees which provides for payment to be made to such employees, based on the attained levels of profitability. Amounts payable under this plan are charged to income in the current year, while payments are made in the following year.

Right: A large-capacity, high performance trenching machine prepares ground for following pipeline construction crew.

AUDITORS' REPORT.

TO THE SHAREHOLDERS OF MAJESTIC WILEY CONTRACTORS LIMITED:

We have examined the consolidated balance sheets of Majestic Wiley Contractors Limited (an Ontario Corporation) and its subsidiaries as of December 31, 1980 and 1979, and the related consolidated statements of income (loss), retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the Company and its subsidiaries as of December 31, 1980 and 1979, and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
February 11, 1981

ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

CONSOLIDATED BALANCE SHEETS. As at December 31, 1980 and 1979

Assets

	1980	1979
Current assets:		
Cash, including short term investments of $3,034,000 (1979 - $7,839,000)	$ 5,197,000	$ 9,572,000
Accounts receivable	15,108,000	9,192,000
Income taxes receivable	680,000	—
Unbilled work	2,863,000	1,717,000
Prepaid expenses	258,000	74,000
Total current assets	24,106,000	20,555,000
6% mortgage receivable, due September 15, 1987	38,000	44,000
Property and equipment, at cost:		
Land	54,000	54,000
Buildings	2,010,000	1.980,000
Construction equipment	26,169,000	25,060,000
Other	387,000	148,000
	28,620,000	27,242,000
Less accumulated depreciation	18,856,000	18,535,000
Net property and equipment	9,764,000	8,707,000
Other assets, at cost:		
Operating authorities	184,000	184,000
Other	6,000	8,000
Total other assets	190,000	192,000
	$34,098,000	$29,498,000

Approved by the Board:

Director

Director

Liabilities and Shareholders' Equity

	1980	1979
Current liabilities:		
Notes payable to bank, unsecured	$ 3,610,000	$ —
Accounts payable	4,627,000	1,962,000
Accrued liabilities	2,660,000	1,308,000
Deferred contract revenue	304,000	615,000
Income taxes payable - current	—	978,000
- deferred	466,000	—
7% convertible debenture (Note 2)	—	1,500,000
Total current liabilities	11,667,000	6,363,000
Deferred income taxes	2,510,000	3,029,000
Contingencies (Notes 9 and 10)		
Shareholders' equity:		
Capital Stock (Note 3):		
Authorized - 20,000,000 shares without nominal or par value; issued and fully paid - 8,351,787 shares (1979 - 8,303,318 shares)	8,054,000	7,908,000
Contributed surplus	3,082,000	3,082,000
Retained earnings	8,785,000	9,116,000
Total shareholders' equity	19,921,000	20,106,000
	$34,098,000	$29,498,000

The accompanying summary of accounting policies and notes is an integral part of these consolidated balance sheets.

CONSOLIDATED STATEMENTS OF INCOME (LOSS). For the years ended December 31, 1980 and 1979

	1980	1979
Revenues (Note 10)	$51,646,000	$29,563,000
Operating expenses:		
Cost of operations	52,999,000	30,866,000
General and administrative expenses	3,921,000	2,650,000
Total operating expenses	56,920,000	33,516,000
Loss from operations	(5,274,000)	(3,953,000)
Other income, net (Note 5)	3,782,000	2,646,000
Loss before income taxes	(1,492,000)	(1,307,000)
Recovery of income taxes (Note 4)	(1,161,000)	(867,000)
Net Loss	$ (331,000)	$ (440,000)
Loss per share	(4.0¢)	(5.3¢)

The accompanying summary of accounting policies and notes is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS. For the years ended December 31, 1980 and 1979

	1980	1979
Balance, beginning of year	$9,116,000	$9,556,000
Net loss	(331,000)	(440,000)
Balance, end of year	$8,785,000	$9,116,000

The accompanying summary of accounting policies and notes is an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION.

For the years ended December 31, 1980 and 1979

	1980	1979
Sources of working capital:		
Sales of equipment	$ 1,599,000	$ 2,317,000
Reduction of mortgage receivable	6,000	5,000
Proceeds from exercise of employee stock options	146,000	90,000
Other	2,000	1,000
Working capital provided	1,753,000	2,413,000
Uses of working capital:		
Net loss	331,000	440,000
Depreciation	(1,917,000)	(2,228,000)
Deferred income taxes	519,000	542,000
Gain on sales of equipment	1,106,000	1,384,000
Used by operations	39,000	138,000
Purchases of property and equipment	3,467,000	1,789,000
Reduction of long-term debt	—	1,500,000
Working capital used	3,506,000	3,427,000
Decrease in working capital	(1,753,000)	(1,014,000)
Working capital, beginning of year	14,192,000	15,206,000
Working capital, end of year	$12,439,000	$14,192,000

The accompanying summary of accounting policies and notes is an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS. December 31, 1980 and 1979

1. JOINT VENTURES

The Company, in the normal conduct of its construction operations, enters into certain business arrangements referred to as joint ventures. Such arrangements enable each joint venture participant to spread the business risk by committing to a predetermined percentage of interest to supply capital and to share in the income or loss of a project.

Investments in joint ventures are accounted for by the proportionate consolidation method, whereby the Company's pro rata share of assets, liabilities, revenues and expenses of all joint ventures has been included in the consolidated statements. Details have not been provided as the figures are not significant.

2. 7% CONVERTIBLE DEBENTURE

The 7% convertible debenture was unsecured and was due and convertible into 150,000 shares of the Company at any time prior to March 1, 1980. The debenture was repaid on March 1, 1980.

3. CAPITAL STOCK

Certain key employees are granted options exercisable during the period of five years from the date of the grant at a rate of 20% of the total optioned shares per year on a partially cumulative basis.

Options for 200,568 shares at prices ranging from $2.80 to $5.29 per share were outstanding at December 31, 1980. On May 12, 1980, options for 75,000 shares at a price of $5.29 per share were granted. Options of 48,469 shares at prices ranging from $2.12 to $3.06 per share were exercised during the year and options of 32,619 shares at $3.06 per share were cancelled during the year.

As at December 31, 1980, the following shares of the Company have been reserved:

For possible exercise of existing stock options	200,568
For possible future stock options	195,045
	395,613

4. INCOME TAXES

The (recovery of) provision for income taxes is comprised of the following:

	Canadian	Foreign	Total
1980			
Current	$ (587,000)	$(521,000)	$(1,108,000)
Current - deferred	466,000	—	466,000
Deferred	(1,371,000)	852,000	(519,000)
	$(1,492,000)	331,000	(1,161,000)
1979			
Current	$ 74,000	$(399,000)	$ (325,000)
Deferred	(542,000)	—	(542,000)
	$ (468,000)	$(399,000)	$ (867,000)

The recovery for the year ended December 31, 1980 is more than the amount calculated using statutory rates in effect during the year, due to the adjustment of prior years' estimates.

5. OTHER INCOME, NET

	1980	1979
Interest income re arbitration award	$1,338,000	$ —
Income from short-term investments	1.192,000	1,438,000
Gain on sales of equipment	1,106,000	1,384,000
Realized gain (loss) on foreign exchange transactions	(20,000)	1,000
Unrealized gain (loss) on translation of foreign currency	168,000	(94,000)
Interest on long-term debt	(17,000)	(105,000)
Other	15,000	22,000
	$3,782,000	$2,646,000

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid to the Directors and Senior Officers for the years ended December 31, 1980 and 1979 is as follows:

	1980		1979	
	Amount	Number	Amount	Number
Directors who are not Senior Officers	$ 12,000	4	$ 12,000	4
Directors who are also Senior Officers	377,000	3	380,000	2
	389,000	7	392,000	6
Senior Officers who are not Directors	410,000	7	332,000	5
	$799,000	14	$724,000	11

7. BUSINESS SEGMENT INFORMATION

The Company operates in one industry segment, that being pipeline construction. Its operations are conducted in Canada and the United States. The operations and identifiable assets by geographic region for the years ended December 31, 1980 and 1979 are as follows:

	Canada	United States	General and Administrative Expenses	Consolidated
1980 Revenues	$33,103,000	$18,543,000	$ —	$51,646,000
Segment operating profit (loss)	$ (4,221,000)	$ 2,868,000	$ (3,921,000)	$ (5,274,000)
Interest on long-term debt				(17,000)
Other income and expenses				3,799,000
Recovery of income taxes				1,161,000
Net Loss				$ (331,000)
Identifiable assets	$22,807,000	$10,863,000	$ —	$33,670,000
1979 Revenues	$12,525,000	$17,038,000	$ —	$29,563,000
Segment operating profit (loss)	$ (1,463,000)	$ 160,000	$ (2,650,000)	$ (3,953,000)
Interest on long-term debt				(105,000)
Other income and expenses				2,751,000
Recovery of income taxes				867,000
Net Loss				$ (440,000)
Identifiable assets	$20,903,000	$ 8,595,000	$ —	$29,498,000

8. EMPLOYEE BENEFIT PLANS

The amounts provided in the accounts under the terms of the non-contributory pension plan and the incentive compensation plan are as follows:

	1980	1979
Pension Plan	$134,000	$153,000
Incentive compensation plan	118,000	15,000
	$252,000	$168,000

At November 1, 1978, the date of the most recent actuarial valuation, the actuarially computed value of vested benefits under the pension plan exceeded the total of the pension funds by approximately $105,000. The unfunded past service cost at December 31, 1980 amounted to $93,000.

9. CONTINGENCIES

Contingent liabilities include the usual liability of contractors for performance and completion of both Company and joint venture construction contracts.

10. CLAIM SETTLEMENT

Subsequent to December 31, 1980, an arbitration panel awarded the Company $4,820,000 and interest related to a contract performed in prior years. The award has been recognized in the 1980 consolidated financial statements. The award is final and binding, with limited basis for appeal. In the opinion of management based on legal counsel's advice relating to the award, any modification in the award, if appealed, will not have a material impact on the consolidated financial statements. Modifications to the award, if any, will be recorded in the accounting period when they can be reasonably estimated.

SUMMARY OF CONSOLIDATED BALANCE SHEETS.

(in thousands of dollars)

	1980	1979	1978	1977	1976	1975	1974
Current assets	$24,106	$20,555	$21,557	$15,990	$17,687	$10,824	$ 9,002
Less current liabilities	(11,667)	(6,363)	(6,351)	(2,863)	(9,720)	(5,468)	(6,251)
Working capital	12,439	14,192	15,206	13,127	7,967	5,356	2,751
Mortgage receivable	38	44	49	50	—	—	—
Net property and equipment	9,764	8,707	10,079	12,322	15,997	18,968	21,964
Operating authorities and other assets	190	192	193	193	193	193	194
Less:							
Long-term debt	—	—	(1,500)	(3,073)	(3,116)	(5,209)	(9,200)
Deferred income taxes	(2,510)	(3,029)	(3,571)	(3,198)	(2,885)	(3,975)	(3,920)
Shareholders' equity	$19,921	$20,106	$20,456	$19,421	$18,156	$15,333	$11,789

SUMMARY OF CONSOLIDATED INCOME STATEMENTS.

(in thousands except for per share amounts)

	1980	1979	1978	1977	1976	1975	1974
Revenues	$51,646	$29,563	$48,514	$48,612	$125,093	$108,106	$32,049
Cost of operations	52,999	30,866	44,588	45,010	117,699	98,582	30,871
Gross profit (loss) from operations	(1,353)	(1,303)	3,926	3,602	7,394	9,524	1,178
General and administrative expenses	3,921	2,650	2,540	2,157	1,700	1,861	2,078
Income (loss) from operations	(5,274)	(3,953)	1,386	1,445	5,694	7,663	(900)
Other income and (expense), net	3,782	2,646	2,931	964	304	(453)	(88)
Income (loss) before income taxes	(1,492)	(1,307)	4,317	2,409	5,998	7,210	(988)
Income taxes (recovery)	(1,161)	(867)	1,627	1,147	3,179	3,676	99
Net income (loss)	$ (331)	$ (440)	$ 2,690	$ 1,262	$ 2,819	$ 3,534	$ (1,087)
Earnings (loss) per share	(4.0¢)	(5.3¢)	32.5¢	15.3¢	34.0¢	42.7¢	(13.1¢)
Weighted average shares outstanding	8,307	8,281	8,273	8,272	8,270	8,262	8,255

Note:
Majestic Wiley Contractors Limited was formed by amalgamation effective May 1, 1974. The above income statement for the year ended December 31, 1974 is unaudited and has been restated to reflect operations both prior to and subsequent to amalgamation during 1974.

CORPORATE INFORMATION.

BOARD OF DIRECTORS:

J.M. Bankes (1)
Chairman of the Board,
Majestic Wiley Contractors Limited

J.B. Barber (2)
Retired Executive, Formerly Vice Chairman of the Board and Senior Vice President, The Algoma Steel Corporation Limited

A.J. Cressey (1)
President and Chief Executive Officer, Majestic Wiley Contractors Limited

J.E. Maybin (2)
Retired Executive, formerly Chairman of the Board and Chief Executive Officer, Canadian Utilities Limited

D.B. Perini (1)
Chairman of the Board, President and Chief Executive Officer, Perini Corporation

R.H. Walker (2) (3)
Executive, Midland Doherty Ltd.

(1) Member of the Executive Committee of the Board of Directors.
(2) Member of the Audit Committee of the Board of Directors.
(3) Retiring May 8, 1981

OFFICERS:

J.M. Bankes, Chairman of the Board of Directors
A.J. Cressey, President and Chief Executive Officer
J.G. Nash, Vice President, U.S. Operations
G.M. Oswald, Vice President, Construction
J. Kolbl, Vice President, Asia
A.D. Munro, Vice President, Equipment and Purchasing
J.K. Halladay, Vice President & Secretary-Treasurer
L.G. Wasylynchuk, Vice President & Comptroller

TRANSFER AGENT AND REGISTRAR:

Montreal Trust Company, Calgary and Toronto

STOCK EXCHANGE LISTING:

The Toronto Stock Exchange (symbol MWC)

BANKERS:

The Royal Bank of Canada

AUDITORS:

Arthur Andersen & Co., Chartered Accountants

COMPANY OFFICES:

P.O. Box 8205, Station "F"
Edmonton, Alberta, Canada
T6H 4P1
Telephone: (403) 988-6421
Telex: 037-41558

Box W
Lakeville, Minnesota, U.S.A. 55044
Telephone: (612) 469-4411
Telex: 29-0954

P.O. Box 10218
Lubbock, Texas, U.S.A. 79408
Telephone: (806) 763-7744
Telex: 74-4444

J.L. Cox & Son, Inc.
777 Action Street
Odessa, Missouri, U.S.A. 64076
Telephone: (816) 633-7526
Telex: 42-6284

ANNUAL AND GENERAL MEETING

All shareholders are invited to attend the Annual and General Meeting of Shareholders to be held on May 8, 1981 at 10:00 a.m. (local time) in the Garden Room of the Terrace Inn, Edmonton, Alberta, Canada.

MAJESTIC WILEY
1980 ANNUAL REPORT